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Romania: The Outlook for Ceausescu

**Special National Intelligence Estimate
Memorandum to Holders**

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SNIE 12.7-83
December 1985

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Memorandum to Holders of SNIE 12.7-83

**ROMANIA:
THE OUTLOOK FOR CEAUSESCU**

Information available as of 4 December 1985 was used in the preparation of this Estimate, which was approved by the National Foreign Intelligence Board on that date.

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THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL
INTELLIGENCE.

THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS.

The following intelligence organizations participated in the preparation of the Estimate:

The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the intelligence organizations of the Departments of State and Treasury.

Also Participating:

The Assistant Chief of Staff for Intelligence, Department of the Army

The Director of Naval Intelligence, Department of the Navy

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SCOPE NOTE

This Memorandum to Holders will reassess Ceausescu's and his potential successors' ability to continue Romania's quasi-independent foreign policy within the Soviet camp. It will not reexamine issues covered in the Memorandum to Holders published last March or those in SNIE 12.7-83 that remain constant, but rather will treat new developments with the potential to alter previous forecasts. The time frame for this Memorandum to Holders is the next 12 to 18 months.

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KEY JUDGMENTS

The situation in Romania, chronically troubled since the early 1980s, has further deteriorated in several respects since the Memorandum to Holders of SNIE 12.7-83 was produced in March 1985. The principal causes of this decline:

— The economy has faltered more than expected.

— Soviet General Secretary Gorbachev is more vigorously asserting Moscow's influence over Eastern Europe, Romania included.

The economic outlook is bleak. The economy has not recovered from problems last winter when unusually harsh weather left the country without energy reserves. Most signs, however, indicate Ceausescu will try to maintain vigorous pursuit of debt reduction (that is, rapid payoffs of the debt through large trade surpluses), even though the resulting austerity will continue to undermine the economy.

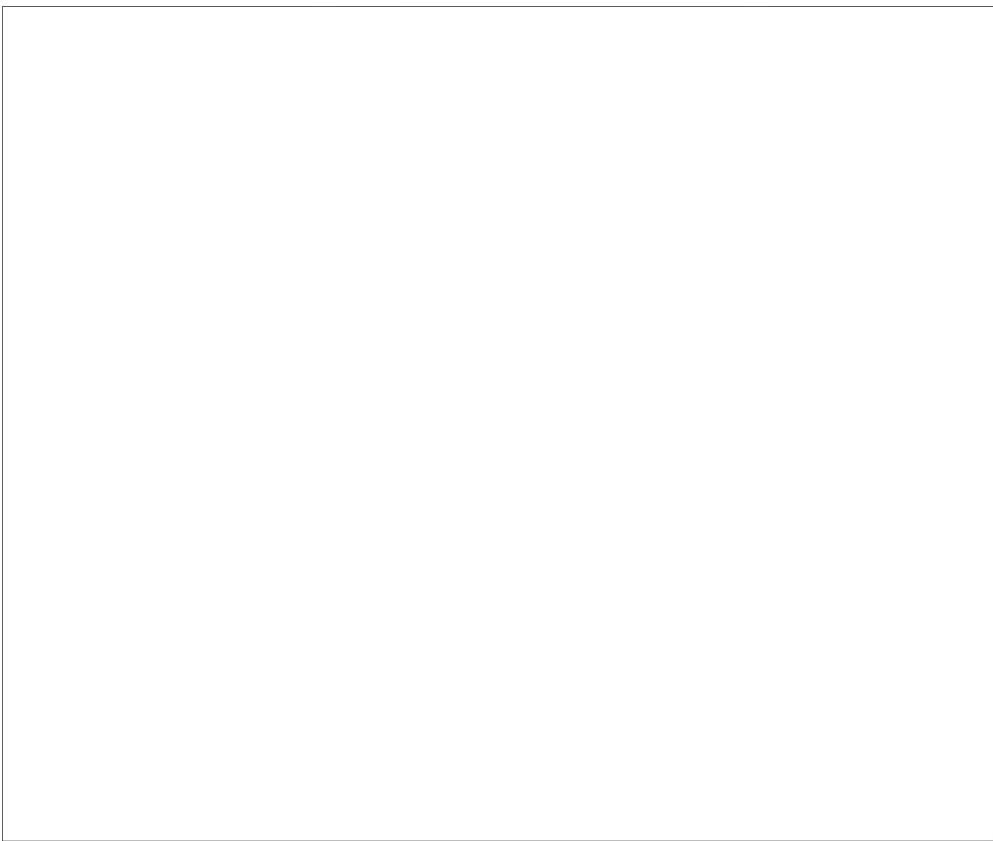
Such policies will depress already low living standards even further, especially if the coming winter is severe. At best the allocation of heat and electricity to households will only match last year's painfully inadequate supplies. The overall food supply will be lower, in part because of heavily increased net exports of wheat in the 1984/85 marketing year and increased meat exports to pay for Soviet energy. And the 1985 grain crop will be about 16.6 million metric tons, or about 2.4 million tons less than that of last year and perhaps the smallest since 1975. Bread rationing has been reimposed in some localities.

Ceausescu's security forces have maintained tight control, and so far there have been no signs of unrest. Absenteeism appears to be on the rise, however, and the domestic situation could deteriorate if another harsh winter coincided with a succession crisis—leaving the population both angry and unsure of the leadership's stability and resolve.

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Gorbachev wants to enhance Moscow's control over Romania but does not want a major upheaval. Many considerations would constrain the Soviets from intervening militarily in Romania, and we doubt that this would occur short of a major breakdown of authority in which there were clear anti-Soviet overtones. We believe, however, the Soviets intend to take advantage of Romania's economic problems and any political turmoil by offering modest amounts of supplies in return for incremental compromises by Bucharest. They will also attempt to build bridges to key individuals and groups. Currently, Moscow appears to have few assets in Romania. We believe it could expand them significantly and quickly if Ceausescu lost his hold on the country or if his successors had trouble—as would be likely—establishing their grip.

Should Gorbachev choose to demand Romania's full compliance with Soviet foreign policies as a condition for any assistance to a new regime, he could force a major crisis on Bucharest at a time when it would be weakest. But such a crisis could force Gorbachev to make the stark intervention choice he wants to avoid, and we therefore believe he will keep Soviet pressures within bounds.

As long as Ceausescu stays [redacted] in control, Romania is not likely to return to the docility expected of Warsaw Pact members. Rather, the US dilemma will be how to convince Ceausescu

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[Redacted]

that his fixation on erasing Romania's foreign debt—let alone his long-term policy of rapid and massive industrialization that led the country into debt—might destroy whatever chance his successors have of maintaining Ceausescu's foreign policy legacy. Even in the event of a need for emergency energy or food supplies to stave off disastrous situations this winter, chances would be slim that the West could persuade Ceausescu to adopt a more flexible economic policy or improve his record on human rights substantially.

Once Ceausescu passes from the scene, the successor leadership—or at least some contenders for power—might be more willing to ease austerity. But the new leaders will be wary of each other, less confident of their ability to control the country and keep the Soviets at bay, and more anxious for rapid, large infusions of assistance to ease the plight of the population. They could argue that Ceausescu's draconian financial policy has driven down Romania's debt and made the country a more acceptable credit risk. But international banks would probably need Western governmental assistance before arranging major new financing.

Within the next few years, then, the United States and the West are likely to be faced with the dilemma of what to do about an economically bankrupt and politically vulnerable Romania. Remaining aloof would leave the field to the Soviets. But, should the West choose to help, there is little chance that its financial assistance would be used optimally or repaid on time. Further, should Gorbachev adopt an extremely assertive policy, the United States would have to decide how to respond to Soviet actions in light of its other equities in Europe. In the final analysis, the future of Romania will probably depend mainly on how long Ceausescu or his successors persist in economically disastrous policies and how skillful Gorbachev is in finding the right mixture of pressures and inducements to bring Romania back fully into the Soviet camp.

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DISCUSSION

Introduction

1. In the nine months that have elapsed since the first Memorandum to Holders of SNIE 12.7-83, President Ceausescu, as expected, has retained his controls over the Romanian political situation and steadfastly adhered to the harsh domestic policy and relatively independent foreign policies traditional during his rule. But several developments raise new concerns about Romania's future:

— The economy has faltered more than expected, in part because of drought and the protracted effect of the harsh winter of 1984/85.

— The new Kremlin leadership is more vigorous in asserting its influence over Eastern Europe and might try to take advantage of any political or social instability in Romania to reassert Soviet control.

Prospects for the Economy

2. The economy has not recovered from last winter's problems when increased exports of refined petroleum products and energy-intensive goods combined with stagnant coal and gas output and decreases in hydropower left Romania without energy reserves during unusually harsh weather. Domestic energy output fell sharply, forcing prolonged and widespread reductions and shutdowns of factory operations during the first quarter of this year. Output of steel plummeted, causing setbacks later in numerous industries dependent upon steel deliveries. Continuing energy and raw material shortages throughout the year appear to have prevented any economic growth, worsened living conditions, and virtually ensured hardships this winter as severe as last year.

3. Ceausescu has attempted to avoid another energy crisis by new draconian measures that are likely to compound rather than ease the problems. He declared a state of emergency in the electric power system in October, placed it under military cosupervision, and later replaced several senior party and government

officials responsible for the energy sector. He has also ordered students into coal mines. Subsequently, this fall he ordered an increase in the production of thermal electric power of nearly 50 percent above last year's average monthly output, a virtually impossible task even if coal-fired plants were to consume the reserves that he earlier ordered stockpiled for the winter.

4. Such actions, however, will have little impact on electric power generation, which is hindered mainly by the shortage in primary fuels and imported spare parts. Ceausescu recently indicated he will ease import restraints on spare parts for power plants—a tacit admission that restrictions he imposed on imported spare parts had to be eased. It remains to be seen, however, whether the parts arrive on time and in adequate enough supply to limit plant downtime.

5. Should severe winter weather strike again, the population would relive the sufferings of last year when power to dwellings was reduced. Because priority in energy use has been allotted to industry, the allocation of electricity and heat to households, even with average weather, is likely to fall short of last winter's painfully inadequate supplies. Infant mortality rates, which increased last winter, could go up again.

6. In addition, the overall food supply has worsened this year, largely the result of generally poor agricultural production, combined with Ceausescu's insistence on increased agricultural exports to reduce Romania's foreign debt. For example, Ceausescu foolishly increased net exports of wheat in the 1984/85 marketing year ending last June to 500,000 tons, compared with a 50,000-ton import surplus in 1983/84.

meat exports to the USSR have increased, probably to pay for increased energy deliveries from Moscow. Meat and milk have been nearly unobtainable for ordinary citizens except through the black market, and rations of basic staples have been reduced from last year's far from abundant amounts. The usual seasonal improvement in vegetable and fruit supplies did not occur

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during the summer. Ominously, bread rationing was reimposed in some localities this year. [redacted]

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7. This year's harvest prospects are particularly bleak. Shortages of electric power—output was down by perhaps as much as 10 percent during the first 10 months of the year compared with the same period last year—prevented sufficient use of irrigation systems to offset dry summer conditions. Shortages of fuel, fertilizer, and pesticides—all items exported to earn hard currency—also reduced crop yields. A 1985 grain crop of about 16.6 million tons, the smallest crop since 1975, is expected to be about 2.4 million tons less than that of 1984. [redacted]

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8. Ceausescu could reduce food shortages by importing grain and cutting food exports. He could also increase his options by reducing livestock inventories, using the grain saved and the meat for consumers or for export. He relented a bit in September by allowing some purchases of foreign grain, including the first corn from the United States in two years. Most signs, however, are that Ceausescu will try to tough it through. Indeed, his coercive style of dealing with problems has become more pronounced as the economy has stagnated. In recent months he has:

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- Introduced a more punitive system of wage reductions for economic managers who fail to meet production goals.
- Launched an anticorruption campaign in the agricultural sector and threatened to confiscate unreported crops from the farms.
- Announced programs to redistribute the rural population and to resettle urban elderly to rural areas.
- Begun a campaign designed to channel food from state stores and farm markets into a system for meal distribution through workplace canteens. [redacted]

9. Ceausescu has not eased his vigorous pursuit of debt reduction—he reduced debts of about \$10 billion in 1981 to about \$6 billion in late 1985 through large trade surpluses. His policy, however, is responsible for the shortages now plaguing the economy and has led to a decline in the volume of foreign trade (see figure 1). The effort over the last four years to produce more export goods while sharply suppressing imports (see figure 2) has led to severe shortages of raw materials and energy for basic industries and to reductions in the level of consumer goods available to the population, particularly foodstuffs. He has showed a degree of flexibility this fall when he increased grain imports

and ordered the spare parts for the power industry. He also accepted a new medium-term commercial credit this year, relenting on his previous ban on new borrowing to avoid default on debt payments. But Ceausescu apparently has lost some flexibility because export declines earlier this year have left the regime with limited cash to increase imports and still meet upcoming debt obligations. A request to reschedule debt—as he consented to in 1982 and 1983—does not appear likely, given his rejection of IMF “interference” in his economic policy, but it remains an open option. [redacted]

[redacted]

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10. Ceausescu's overall behavior [redacted] suggests he blames failures on lack of discipline and refusal to fulfill his orders rather than on his own policies and his inflexibility in dealing with exceptionally harsh weather. His introduction of military discipline into the electric power system in particular seems to reflect a belief that lack of effort is the basic cause of these difficulties. He also threatens to punish officials who fail to comply with his economic directives and over-ambitious production quotas. In short, Ceausescu gives every indication that he fails to understand the root causes of economic problems and that he will continue only to treat the symptoms. [redacted]

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Popular Reaction

11. The Memorandum to Holders in March 1985 judged that the population probably would remain incapable of united action and demoralized by the

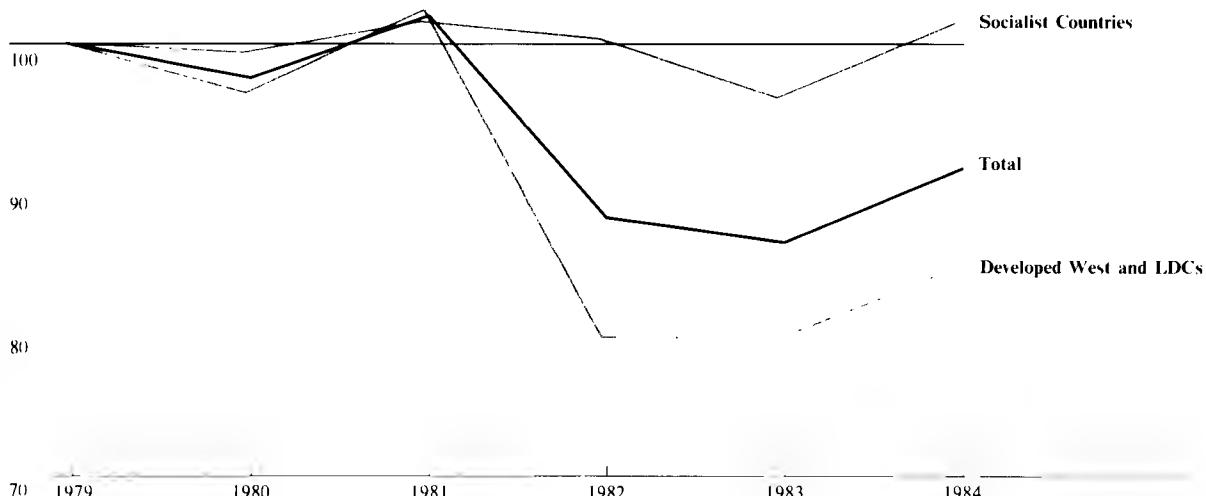
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Figure 1
Romania: Volume of Trade With Socialist Countries and the West, 1979-84

Index 1979 = 100

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seeming futility of challenging the regime. Since then, popular apathy appears to have deepened. The regime's main worry now with regard to popular disaffection seems to be absenteeism, which appears to have worsened even as many factories have required employees to work double shifts and holidays. The security forces have maintained tight control, preventing any significant outburst of unrest. Despite the population's passivity, however, discontent and anger remain high, and are certain to grow as living conditions worsen. If Ceausescu were to die in office or be incapacitated for long, the situation could deteriorate quickly as the population, unsure of the leadership's stability and resolve, starts to vent old frustrations.

Ceausescu's Prospects

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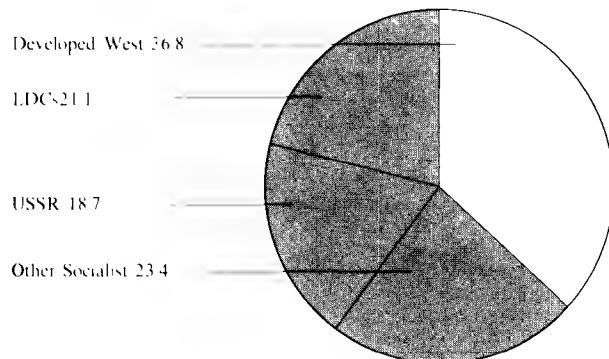
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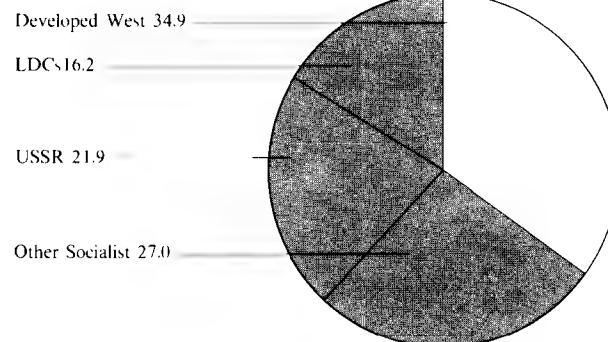
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Figure 2
Romania: Regional Breakdown of Exports and Imports, 1980 and 1984

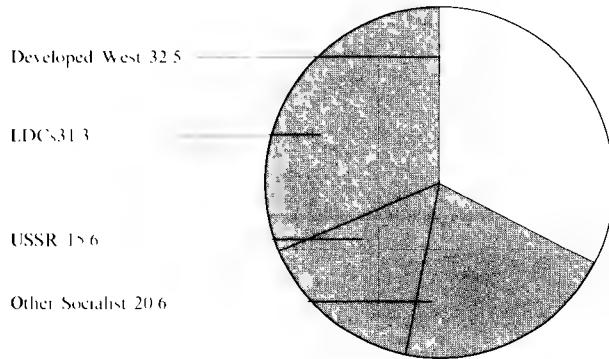
Percent
Exports
1980



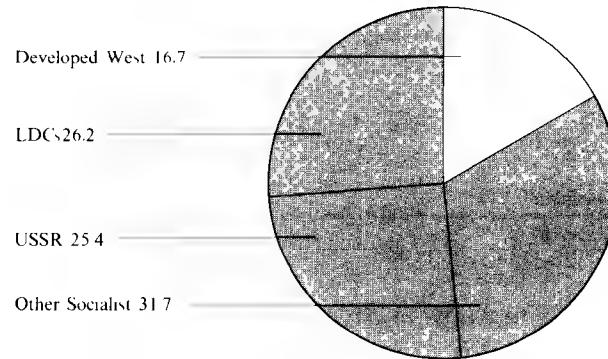
1984



Percent
Imports
1980



1984



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President and Mrs. Ceausescu.

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Succession Prospects

15. In the last Memorandum to Holders, we forecast that any succession would be likely to see a collective leadership emerge that would adhere closely to Ceausescu's key policies, but would be marginally more lenient at home and less troublesome in Warsaw Pact councils. This general prognosis holds, but the surrounding circumstances are much murkier. A succession at a time of more severe economic hardships would burden any successor regime with all-absorbing economic problems in addition to the expected struggles over personal precedence and policy issues. Although still thoroughly intimidated, subordinates who would never dare test a healthy Ceausescu might be emboldened to move against him if an incapacitating illness makes him vulnerable. Indeed, presuccession maneuvers may be beginning.

Elena was involving herself more in policymaking and was consulting with top regime officials to win their support for her succession in the event of his death.

Succession Scenarios

16. Ceausescu so overshadows the others in the leadership that no one could step immediately into his leadership role. Nevertheless, Mrs. Ceausescu, his closest adviser and overseer in personnel matters for the past decade, appears to have the initial inside track,

especially if Ceausescu has time to preside over a transition. She could count on the support of several close relatives in key positions in the apparatus and probably also would get the backing of several members of the leadership who are reportedly tied to her, including party secretary for cadre and organization Emil Bobu, security chief Tudor Postelnicu, and First Deputy Prime Minister Ion Dinca.

17. Mrs. Ceausescu, however, still lacks sufficient personal power to rule alone. She probably would have to share power with those cited above as potential allies, in an inner core of a collective with other prominent officials. Moreover, she is widely unpopular because of resentment over the prominence of the Ceausescu clan—including Nicu, their playboy son who has been steadily promoted as a youth leader in the regime—and the continuing bias in Romania against women holding high office. For these reasons, there is a good chance that the other members of her team would eventually push her out of the leadership.

Nicu Ceausescu.

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Less likely but still credible scenarios would be for Mrs. Ceausescu's competitors to block her succession immediately on Ceausescu's sudden death or to stage a coup if a seriously ailing Ceausescu tried to force her on the party. [redacted]

18. No bid for power—either before or after Ceausescu's demise—could succeed without the cooperation of the powerful security apparatus. Its chief, Postelniciu, is therefore in a strong position to play kingmaker or to advance his own candidacy. He is completely in charge of his forces, and his special status in the regime gives him close access to the Ceausescus and to information on the activities of the entire leadership. [redacted]



Emil Bobu,
party secretary [redacted]

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Constantin Dascalescu,
Prime Minister [redacted]

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20. If Ceausescu's initial successors are discredited by continuing economic decline and social unrest, individuals less tainted by recent, close association with his policies might seek support from the power structure and of necessity from the Securitate. Former aides of Ceausescu who crossed him and are now in eclipse probably retain some following and might hope to reemerge in a post-Ceausescu environment. These men might include:

- Paul Niculescu, who fell from earlier prominence as chief ideologue, then foreign policy expert in the Secretariat and later Finance Minister.
- Ion Iliescu, a former youth leader, party secretary, and later provincial party chief who was dispatched to political oblivion several years ago.
- Ilie Verdet, a former Prime Minister whose recent demotion from party secretary to Minister of Mines continues his fall from the inner circle.

The Key Variables in the Post-Ceausescu Era

21. The lack of a strong and clear-cut heir apparent and the leadership inexperience of the likely contend-

ers makes the chances for instability during the leadership transition relatively high. And the nature, timing, and circumstances of the transition may be key factors:

- A collective leadership headed by Mrs. Ceausescu might well be temporary and too weakened by internal contentions to tackle major policy shifts while in power. The chances for bolder policy revisions will increase as one leader becomes truly dominant. But the duration of that consolidation process is by no means sure. Even if it were to begin soon, the succession struggle could easily extend beyond the time frame of this Estimate.
- The relative privations of the populace at the time of the initial transition and at critical phases in the ensuing struggles for power could be critical factors. (That is, a new regime coming to power during a good harvest could expect some time to explore its options, while one thrust into power when shortages are testing the seemingly superhuman tolerance of the Romanian people would be riveted on the immediate shortcomings in the economy.)

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— And, perhaps the most critical factor, Romanian perception of Gorbachev's still evolving policy toward Romania and Eastern Europe as a whole, will shape the successors' foreign policy options and the nature of their appeal for domestic support. [redacted]

time on its side and fresh opportunities in dealing with Romania. [redacted]

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Gorbachev's East European Policy

22. Early indications suggest that Gorbachev will play a more active personal role in managing the Soviet-East European relationship than his predecessors. His evident purpose is to reassert Soviet control over the region and stem the foreign policy drift of recent years that allowed the East Europeans to assert some measure of greater independence. Romania traditionally has been the least willing of all the Warsaw Pact states to follow Moscow's foreign policy lead. [redacted]

23. But Gorbachev apparently recognizes the limits of Moscow's control and the risks of too heavy a hand. He has reportedly acknowledged the inability of CEMA countries alone to satisfy all the needs of the more advanced East European economies and therefore has approved in principle selective trade with the West. Closely monitored East European relations with the West create openings for Moscow to exploit in its "Pan-European" campaign as well as conduits for acquiring technology for the Soviet economy. [redacted]

Romania: The Soviet View

24. The Soviets have fewer levers of control over Romania than any of their other Pact allies. Party and military contacts are not close, and Romania's trade is highly diversified (see figure 2). Most annoying from the Soviet viewpoint, the Romanians have often opposed Soviet proposals in Warsaw Pact forums creating a potential stalking horse for other East European grievances. [redacted]

Moscow sees [redacted]

26. The USSR has chosen to tolerate Romania's aberrant foreign policy probably both because Ceausescu's authoritarian and ideologically orthodox regime has not presented a challenge to Soviet security interests—unlike earlier deviations in Yugoslavia, Czechoslovakia, Poland, and Hungary—and because Soviet options for curtailing this deviance have been poor. [redacted]

Soviet Concerns and Assets

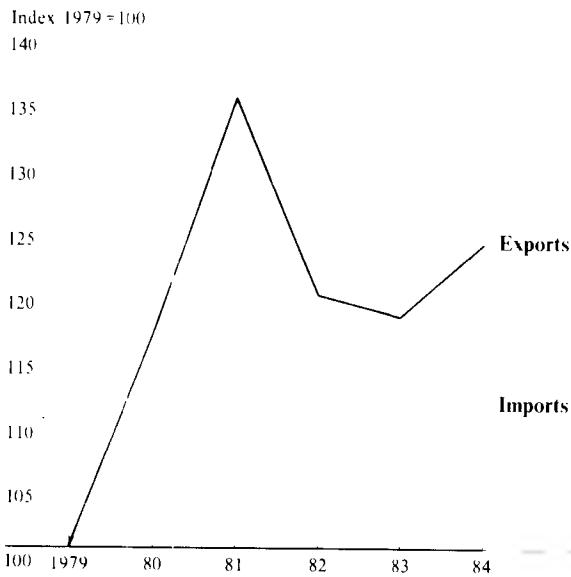
27. We judge that currently the Soviets have few reliable means of influencing Romania under Ceausescu. Our evidence, which is highly suggestive but not conclusive, indicates that:

- Despite recent agreements in principle to nearly double Soviet-Romanian trade, trade levels fell in the early 1980s and picked up only modestly in 1984/85 (see figure 3), and Moscow's latest goals are also unlikely to be met. In part, this is because Moscow has insisted on payment for its energy and raw materials in hard currency or "hard goods" that Romania needs to export to the West for hard currency.
- Furthermore, Moscow has consistently linked greater economic cooperation to such political demands as closer party-to-party ties and closer coordination of state five-year plans—policies Ceausescu is wary of. The Romanians have apparently not made any major political concessions to the Soviets for greater economic support, and Moscow's economic leverage to date has been limited.
- Despite agreements to pursue closer party-to-party ties, [redacted] this year that party exchanges are frosty and that the Soviets have made no inroads in attracting support at the local level. At the national level, Ceausescu has reportedly isolated or purged officials who have studied in the Soviet Union, which makes Moscow's attempts to identify and court potential anti-Ceausescu factions difficult.
- The Romanian military continues to have relatively few contacts with their Soviet counterparts. The Romanians are isolated in the Warsaw Pact staff and do not participate with troops in Warsaw Pact field exercises nor allow their officers to study at Soviet academies.

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Figure 3
Romania: Volume of Trade With the USSR, 1979-84



If Ceausescu began to lose control seriously or was ousted, we would anticipate a more active Soviet role and bolder machinations. In such a changed political climate, the regime's current bulwarks against Soviet influence might be considerably weakened.

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29. Ceausescu and Gorbachev probably will meet in Romania in late December. Gorbachev's reported acceptance of the longstanding Ceausescu request for a meeting in itself is no indicator of a change in Soviet policy. The timing of the meeting—after Gorbachev had held bilateral meetings with all the other Pact leaders and in the midst of another punishing winter—suggests that Gorbachev does not plan to woo Ceausescu with concessionary economic assistance. Gorbachev is likely to lecture Ceausescu—as he has other Pact leaders—on the imperative of balanced trade while offering the possibility of mutually advantageous economic cooperation if Ceausescu is willing to pay the price.

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Likely Soviet Policy

30. We believe the confluence of a more energetic Soviet leadership and deteriorating conditions in Romania foreshadows a more active Soviet policy plan. We judge that the Soviets will use any influence they have to push Ceausescu, but most especially a post-Ceausescu leadership, to pursue some or all of the following policies:

- Publicly endorse the Warsaw Pact and Soviet foreign and military policy lines while privately desisting from reportedly disruptive objections to Soviet initiatives at Pact and CEMA meetings.
- Funnel more resources into the agricultural sector.
- Place more emphasis on party leadership rather than security forces while deemphasizing any “cult of personality.”
- Place greater emphasis on promoting pragmatic technocrats.

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31. Moscow does not want Romania's troubles to end in chaos and the necessity for military intervention, but does want Ceausescu and his regime to feel increased pressures that might make them more amenable to accommodating Soviet goals. In this vein, the Soviets probably see limited domestic turmoil in Romania to their advantage and do not plan to freely assist Bucharest out of its difficulties. As the screws tighten, the Soviets no doubt hope to influence Ceausescu and, in case of his death or ouster, his successors through a combination of economic and political carrots and sticks as well as whatever active measures they can mount. [redacted]

32. The Soviets probably see several possibilities for the future of Soviet-Romanian relations:

— The Romanians could muddle through their present difficulties without a breakdown of Communist rule that might force Moscow to react. [redacted]

suggests a self-satisfied view that Romania's present troubles are an object lesson to Eastern Europe and will narrow Ceausescu's ability to conduct an independent foreign policy. If Ceausescu felt the need to turn to the East for help, the Soviets probably calculate he could be made to temper his annoying foreign policy and become more cooperative in Pact affairs.

— Alternatively, but much more unlikely, severe domestic unrest could force Ceausescu to abandon his policy of autonomy in return for major Soviet economic aid. The Soviets would probably provide such aid and capitalize on Ceausescu's vulnerability, rather than be confronted with a serious challenge to continued Communist rule in Romania.

— In any event, any successor to Ceausescu will face difficult domestic conditions while lacking Ceausescu's skill, experience, and knowledge. Hence any post-Ceausescu leadership will likely be more vulnerable to Soviet pressures and more willing to mute Romanian foreign policy independence in return for Soviet economic support. [redacted]

33. The Soviets' handling of the prolonged Polish crisis and actions before intervention in Czechoslovakia in 1968 suggests several probable lines in Soviet policy in the event of a major systemic crisis in which the future of party rule and adherence to the Warsaw Pact came into question. Initially, they would mount considerable pressure, using both carrot and stick,

short of a direct intervention. This policy could include:

- Highly publicized party-to-party visits and visits by high-level Soviet delegations to express Moscow's displeasure and concern and to identify "cooperative" Romanian officials.
- Public Soviet and Bloc criticism of the Romanian situation, along with warnings that action by the socialist community might be necessary.
- Promise of support and aid if the Romanians met certain conditions.
- Publicized troop preparations and exercises along the Romanian border.
- Isolation of Romania and reduction of traffic moving into and out of the country.
- A selective economic blockade. [redacted]

34. Without a major breakdown of authority in Romania or regime change with powerfully clear anti-Soviet implications, the Soviets probably would not want to pay the price of military intervention. Romania is not as strategically significant as northern tier countries. The Yugoslavs also would see intervention as a direct threat. Not only would they condemn it, but it could result in Yugoslav military mobilization and a clearer orientation of Yugoslavia toward the West, heightening tension throughout Eastern Europe. Although the Soviets would probably judge that their military intervention in Romania would not provoke direct US military actions in support of Romania, they would know that their intervention would freeze US-Soviet relations. Perhaps even more important, it would be a disaster for Moscow's Pan-European policy, and, as in the Polish crisis, set off a fresh round of pro-NATO sentiment in Western Europe. [redacted]

35. There can be no doubt that the Romanian military would be no match for the Soviets and the USSR would prevail after a short crisis. The Romanians are not nearly as well equipped and trained as the Soviets. Nonetheless, the Soviets have no troops or prepared infrastructure in Romania and the mountainous terrain is not well suited for a quick, surgical intervention. The Soviet military would expect prolonged "mopup" operations in the traditionally anti-Soviet country, particularly if assistance were forthcoming from Yugoslavia. Romania's military strategy and organization emphasizes a decentralized "defense of the nation by the entire population" and Romanian exercises have featured defense against attacks coming

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from the direction of the Soviet Union. Moreover, Soviet forces in the region are less capable and prepared than Soviet forces in the northern tier of Eastern Europe. This would make military operations less appealing and make the decision to intervene more difficult for the new team in Moscow.

Outlook

36. The continuing difficulties in the economy and the increasing cost of Ceausescu's draconian methods in addressing national problems make for a bleak outlook, including a growing prospect of political instability.

 the heightened chances of a succession struggle make the future increasingly murky and unpredictable. The concurrent emplacement of a more energetic Soviet leadership, moreover, could threaten Romania's ability to maintain its limited independence from the USSR.

37. For now, Ceausescu, still skillfully and ruthlessly controls all the levers of power.

 a better-than-even chance in the short term—we believe he will stay in charge through 1986. The overall prognosis under his rule is a continuation of current foreign policy while the domestic situation deteriorates further or, at best, remains such that it can be controlled only by continued harsh repression.

38. Under such conditions we believe hatred of the regime will spread, with a greater risk of rekindling the unrest and random violence of the early 1980s.¹ Dissatisfaction within the regime will likely edge into the higher echelons if not into Ceausescu's personal retinue. It is highly unlikely, however, that any would-be plotters would move against Ceausescu—much less succeed—unless at least important elements of the Securitate had joined the conspiracy. And we do not believe this would happen unless Ceausescu's health took a sharp turn for the worse and Elena, with or without Ceausescu's blessing, attempted to ensure the succession for herself.

39. If confronted with severe unrest at home, we also believe Ceausescu might review his options abroad. But he probably will resist foreign advice as meddling in Romania's domestic affairs:

— He might canvas the West for assistance, but he will not readily accept restraints on his policy and is likely to bargain hard for preferential

financial treatment. He will accept IMF conditions only as a last resort, under pressure of the most dire events at home.

— We doubt he will go beyond isolated gestures in accommodating Western concerns about his human rights policies.

— Ceausescu also wants more energy and raw materials from the Soviets and may be willing to make minor concessions, but he is unlikely to compromise his independent policies in ways that would ensure significant new support from

25X1 the tough-minded Soviets.

40.

 In the maneuvering, the contenders probably would seek economic contacts with East and West to give them an edge over the competition. In the final analysis, the Securitate—in the person of its leader Postelnicu—would most likely emerge as kingmaker and dominant force in any successor leadership, whether a transitional one led by Elena or a more permanent one.

41. In the event of Ceausescu's sudden death, any heirs would be under considerable pressure to satisfy consumer needs and thereby bolster their claim to legitimacy. A group led by Mrs. Ceausescu probably would resist major policy shifts geared to economic recovery. But a successor group without her might be more flexible regarding IMF conditions for rescheduling portions of about \$2.5 billion in foreign debt that comes due over the next two years. It might also be more willing to ease Ceausescu's austerity regime. This group could also argue that progress Ceausescu made in reducing the foreign debt makes Romania, under a new leadership, a more attractive candidate for Western financial support. It is less certain, however, that such a strategy would gain the economic payoffs necessary to improve substantially the short-term economic situation in Romania.

42. The poor state of the economy could tempt a successor regime to find a new, more accommodationist modus vivendi with the USSR if it perceives that:

- The West is unwilling to provide quickly major new financing.
- The USSR, although suspect in all its motives, is able to deliver quickly what Romania needs most—energy—and in a sufficient quantity.

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— The risks of popular unrest and consequent intervention by Soviet troops are making it increasingly dangerous for the new leaders to procrastinate indefinitely. [redacted]

Implications for the USSR

43. Romania's economic difficulties and the Ceausescu regime's harsh police state quality are to Moscow's interest; hence, time is on the Soviets' side as long as the Kremlin can avoid a stark choice between direct military intervention and watching a new regime even more hostile to the USSR gain power. We do not believe that choice will have to be made during the period of this Estimate. [redacted]

44. The challenge to the Soviets is to craft a subtle political game plan that will allow them to reap the fruits of Romania's distress and prospective turmoil, particularly if Ceausescu becomes incapacitated or dies. Low-keyed offers of assistance, insinuation, and pressures will best achieve Soviet objectives as concerns Romania, Yugoslavia, and the West. [redacted]

45. If Romania's plight worsens, the Soviets will likely offer modest amounts of vital supplies in return for incremental compromises by Bucharest. Such deals might further undermine the regime's already low popularity more than they bolster the Romanian economy, and concurrently help Moscow to build a constituency that in a succession crisis could serve it well. Should Gorbachev choose to demand Romania's full compliance with Soviet foreign policies as a condition for any assistance to a new regime, he could force a major crisis on Bucharest at a time when it would be weakest. If his demands were not met, this could set off the crisis and force the stark choice that Gorbachev wants to avoid. How well Moscow plays this game with Ceausescu and his possible successors could prove a litmus test of the new Kremlin leadership's diplomatic skills and the challenge Moscow poses to Western interests in Eastern Europe. [redacted]

Implications for the United States

46. For the past 20 years or so, US interests have been served by Romania's relatively independent foreign policy. While carefully avoiding frontal challenges to Moscow, Ceausescu has pushed back the limits of the possible for a Warsaw Pact member, acted as a thorn in Moscow's side during Warsaw Pact and CEMA meetings, and generally provided the United States with a country other than Hungary to

point to as an example of its differentiation policy at work. As long as Ceausescu stays [redacted] in control, Romania is unlikely to return to the docility expected of the other Warsaw Pact members. [redacted]

47. Unfortunately, Ceausescu's domestic misrule has jeopardized the long-term stability of his country and thus imperiled a foreign policy that normally enjoys the support of most Romanians. And, even in the event of a need for emergency energy or food supplies this winter, chances would be slim that the West could persuade Ceausescu to adopt a more flexible economic policy or substantially change his record on human rights. [redacted]

48. Once Ceausescu passes from the scene—and this could happen at any time in the next few years—the United States may have to review its policy options in Romania. The successor regime or the contenders for power may be more willing to listen to economic reason. But the new leaders will be wary of each other, less confident of their ability to control the country and keep the Soviets at bay, and more anxious for rapid, large infusions of aid in order to satisfy popular demands for a better life. Western banks, taken with the lower debt burden left by Ceausescu and impressed that the successors are more rational and flexible than Ceausescu, might judge that Romania is a somewhat better credit risk. But the banks are unlikely to respond in that manner early in a succession, when support is most needed, without a lead from Western governments. US actions will help determine the Western response and thus could greatly affect Romania's future. [redacted]

49. Within the next few years, then, the United States and the West are likely to be faced with the dilemma of what to do about an economically bankrupt and politically vulnerable Romania. Remaining aloof would leave the field to the Soviets. But, should the West choose to help, there is little chance that its financial assistance would be used optimally or repaid on time. Further, should Gorbachev adopt an extremely assertive policy, the United States would have to decide how to respond to Soviet actions in light of its other equities in Europe. In the final analysis, the future of Romania will probably depend mainly on how long Ceausescu or his successors persist in economically disastrous policies and how skillful Gorbachev is in finding the right mixture of pressures and inducements to bring Romania back fully into the Soviet camp. [redacted]

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